

Interview with Zoran Labudovic, General Manager, Pfizer Serbia

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Pfizer is increasingly interested in emerging markets, with a focus very much on Latin America and Asia. Given this, why is Serbia exciting for Pfizer today?

Serbia is interesting for most multinational companies, firstly because of the country's geographic location, and secondly because of the relatively high population for the region.

Also, I can add that in former Yugoslavia, the pharmaceutical industry was quite strong, and many of the country's best manufacturers were based in Serbia. The country has always acted as a bridge between east and west, and is one of the main reasons why even today, the country has a special trade agreement with Russia. The best technology was implemented in Serbia under licensing and manufacturing programmes here and exported to Russia.

You have been working with Pfizer in Serbia for over fifteen years. From your perspective, how different is the reality of the situation of the pharmaceutical industry in Serbia from the way that it is perceived from outside the country?

In the Pfizer world, Serbia is recognized as a country with a lot of complexity. But at the same time, we have prosperity because of the potential of the country, which is apparent from the size of the population and the country's attitude to paying for healthcare out of pocket. Despite the fact that Slovenia and Croatia are much richer countries, the fact is that their populations are not in the habit of paying for healthcare. This is due to the fact that during the sanctions, Serbians got used to the idea that in order to have access to certain medicines, they had to pay. This provides a good basis for the future, because we believe that in the years to come in the Balkans, more and more drugs will be purchased through co-payment, due to cost containment measures.

Over the last fifteen years, we have done a great job with Pfizer in Serbia, moving it to the fourth position in the country rankings, and experiencing an average growth rate in the last ten years of 23%. However, we are now in a very different moment for the company. Sustaining such a good position is much more difficult than reaching it for the first time. For the last twelve months we have been building a new team at Pfizer Serbia in order to tackle these new challenges, and I feel sure that the company will be able to continue its success in the years to come. In Pfizer Serbia is known as "Serbia Region", and includes Macedonia, Montenegro, part of Bosnia, and Albania. I hope that in the years to come Pfizer Serbia will be able to play more of a role on a regional level.

You mentioned that you have been building a new team for the last year. What strategies have you been looking at in order to maintain Pfizer's leading position in the Serbian market?

For the last ten years our orientation has been on the brand. I believe in the coming years, we have to switch our orientation and focus from the brand to the customer, and work harder at being a company that recognizes its customer's needs at a time when pharmaceutical companies are adjusting to lower profits and margins. That company will have a chance to be a winner in the market.

Pfizer is changing as a company. It used to be the case that 20% of the company's turnover was reinvested back into research and development. However, in the world of healthcare questions of cost and value are difficult to ask, because in an ideal world money would be no hurdle to saving the lives of as many people as possible.

Pfizer has been challenged of late because the growth of the generics industry has outpaced the growth of the innovative pharmaceutical industry. Pfizer faced a turning point: to either invest more in R&D, which is challenging, risky and uncertain, or to look and see how to complement the business with generics. After having such great success with brands such as Lipitor, the company will now look to see if it can extend the life of such brands beyond the patent expiry date.

In the years to come, do you expect that here in Serbia, Pfizer will be able to challenge the local players here, or will there always be that level of separation between the local companies and the multinationals in terms of rankings?

First of all, it is necessary to explain that the Serbian market is a price-orientated market, rather than quality orientated. This means that generics companies dominate the market. It is much more difficult for innovative pharmaceutical companies to keep leading positions in such a market.

However, only one of the leading generics companies here in Serbia is completely Serbian, Galenika. Hemofarm, the domestic market leader, is now a part of the Stada Group.

Which therapeutic areas is Pfizer focusing on in the Serbian market?

Pfizer has about 60 products in Serbia, but we have done a great job with cardiovascular products here. One third of our turnover comes from cardiovascular products. But we have products in neuroscience, which is our second largest therapeutic area, and our third is oncology products. These are the areas we are focused on for the time being. Hospital products, which come from the Wyeth portfolio, will be our future, and also I believe that we will develop a separate line of generic products through a separate company at some point in the future.

How is Pfizer capitalizing on the potential for clinical trials here in Serbia?

The potential is very high. I went to the states in 2007 to present to Pfizer the potential of Serbia for clinical trials. The visit was successful, and we started the first trials in 2007. Today we have over thirty ongoing trials, and we are building our clinical trial team here. I believe that in the next two to three years they are really developing very fast. They have a very clear vision of what they want to achieve, and I believe that eventually Serbia will take the leading position for clinical trials in the Balkans.

This is not only due to the quality of the doctors. Today, if you are able to recruit the patients for clinical trials faster than the countries around you, you save a lot of money. These combined factors, fast recruitment and good medical work from our doctors, make Serbia a great place for clinical trials. And, I am happy that this is recognized by Pfizer, and that they see Serbia as a hub for registration. I believe that we will become a hub also for clinical trials in the Balkans.

You were saying that Pfizer views Serbia as a country to be exploited for its regional advantages. What are these advantages compared to its neighbours?

Today, given the global financial situation, you constantly have to look for synergies, either in the country or the region. If you compare today's situation to twenty years ago, at the moment that Yugoslavia was at its highest potential, you see that this situation was very much favourable for Eastern Europe, and that Yugoslavia was the region's most promising country. Today, there is no big difference between the countries of former Yugoslavia except population size, but in human habits and way of thinking, education, there is very little in between Croats, Serbs and Slovenians.

Today in certain economic fields, these countries work together, especially when we approach far eastern countries or Russia. This allows the countries in the region to be quite competitive. Russia today is not Russia of ten or fifteen years ago – the market is extremely competitive, and you have to bring a good offer to the table in order to be successful there. But, compared with Bulgaria, Romania or Hungary, I think that Serbia has an advantage based on experience, but has a disadvantage in that our economy was forcibly stopped for a period by the sanctions. We are now catching up with things and eventually things will start moving in the right direction, which means that once again, Serbia will play an important role in the Russian market. The free trade agreement between the two countries will be the cornerstone of this, and I believe now that Serbia will combine through special trade agreements or other kinds of collaboration with other countries to find a way to supply to the Russian market.

It sounds like over the past 15 years you have been very successful in convincing Pfizer of the importance of the Serbian market. What have you been telling headquarters in order to convince them?

All we have to do is show them our results and continued success. When we opened our operations here, we were ranked as the 24th company in the market. Today, we are company number four, and the turnover we are making here still allows for continuous growth.

You will be stepping down as the managing director of Pfizer Serbia soon. What is the legacy that you would like to leave behind you?

My goal was to bring Pfizer the number one ranked pharmaceutical company in Serbia, but unfortunately, a year and a half ago I had a heart bypass that has left me unable to continue my work of running such a strong organization. It is time to transfer the future of Pfizer Serbia to someone else, who will be able to carry on this serious job. We have worked hard to create a strong organisation. We are still in the process of finalising our organization and I believe firstly it will be much stronger, and I will leave behind me a very solid organization.

Secondly, I believe that this team is capable of continuous success in the coming years, because I have left in their minds the idea that customer needs are the most important thing. Pfizer is not present in Serbia because of Pfizer. Pfizer is here to serve the people of Serbia, and if Pfizer is capable of recognizing Serbian needs, Pfizer will remain strong in this market.

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